APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/760,556	01/16/2001	Bruce V. Work	23647-P001US	3816

		EXAMINER
7590	10/29/2004	CHOI, PETER H

Hugh R. Kress
Winstead Sechrest & Minick P.C.
2400 Bank One Center
910 Travis Street
Houston, TX 77002

ART UNIT	PAPER NUMBER
3623	

DATE MAILED: 10/29/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

	Application No.	Applicant(s)
Office Action Summary	09/760,556	WORK ET AL.
	Examiner	Art Unit
	Peter Choi	3623

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *1/16/01*.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-10* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-10* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *1/16/01* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)
2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3)☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.
5)☐ Notice of Informal Patent Application (PTO-152)
6)☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 112

1.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly
> claiming the subject matter which the applicant regards as his invention.

2.   Claims 1-3 are rejected under 35 U.S.C. 112, second paragraph, as being

indefinite for failing to particularly point out and distinctly claim the subject matter which

applicant regards as the invention.

Claim 1 recites the limitation "said goods" in line 2. There is insufficient

antecedent basis for this limitation in the claim. For purposes of the following art

rejection, the "said goods" of claim 1 is being interpreted as merchandise or supplies.

Claim Rejections - 35 USC § 103

3.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set
> forth in section 102 of this title, if the differences between the subject matter sought to be patented and
> the prior art are such that the subject matter as a whole would have been obvious at the time the
> invention was made to a person having ordinary skill in the art to which said subject matter pertains.
> Patentability shall not be negatived by the manner in which the invention was made.

4.   Claims 1-4 and 8-10 are rejected under 35 U.S.C. 103(a) as being unpatentable

over Barrett et al (Patent No. #6,029,144).

As per claim 1, Barrett et al teaches an method that:

(a) establishes (organizes) a plurality of compliance (policy) rules governing transactional events; (Claim 1)

(b) defines a penalty to be imposed (after being sent for auditing where further action is taken) on a party to a transactional event upon non-compliance with each said compliance rule; (Column 6, lines 56-57).

(c) codifying said compliance rules (using a policy checking application) within a computer-based system; (Column 4, lines 40-44)

(d) monitoring said supply chain (using a policy checking application) to detect non-compliance events; (Claim 5)

(e) providing information regarding detected non-compliance events (rule violations) to said computer-based system (an auditor system); (Column 6, lines 60-65).

(f) automatically generating (flags transaction entries that fails a rule), from said computer-based system, non-compliance charge-backs to be communicated to those parties upon whom said penalties are to be imposed (after being sent to an auditor system for further review) in accordance with said compliance rules; (Column 8, lines 6-7).

Barrett et al is silent regarding the type of penalty being monetary and communicating the non-compliance to parties. It is old and well known in the art that a penalty is both monetary and non-monetary and that non-compliance is communicated to the parties involved so that it does not occur again.

It would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Barrett et al to include monetary penalties and communicate non-compliance to involved parties because the modification would allow Barrett et al to aid in automation of the rule compliance verification process.

Barrett et al fails to teach a supply chain environment. Barrett et al teaches a method of verifying rule compliance that could be applicable in many environments, including transactional events between parties. It would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Barrett et al to be used in a supply chain environment to make his teachings more versatile.

As per claim 2, Barrett et al teaches a method (an administration system application) that automatically (receives outputs from other applications) generates reports of non-compliance events (Column 16, lines 29-37).

As per claim 3, Barrett et al teaches a method of monitoring said supply chain by performing a directed audit (by an auditor system) of transactional events in said supply chain to detect violations of said compliance rules (Claim 50C).

As per claim 4, Barrett et al teaches a system for monitoring compliance with a plurality of rules governing transactional events comprising:

a computer processing unit having a data store upon which at least one file (policy checker application) encoding said plurality of rules is stored (in computer memory); (Claim 36)

at least one input device (auxiliary storage interface) for providing transactional

information to said processing unit; (Column 3, line 65-68 and Column 4, line 1-3)

wherein said processing unit is adapted to execute a process (policy checker

application) whereby said transactional information is assessed for compliance with said

plurality of rules; (Claim 36)

and wherein said processing unit is further adapted to automatically generate

non-compliance charge-backs (audit program) upon detection of a transaction failure in

which at least one of said plurality rules is violated in a given transaction (Claim 36).

Barrett et al fails to teach a supply chain environment. Barrett et al teaches a

method of verifying rule compliance that could be applicable in many environments,

including transactional events between parties. It would have been obvious to one of

ordinary skill in the art at the time of invention to modify the teachings of Barrett et al to

be used in a supply chain environment to make his teachings more versatile.

As per claim 8, Barrett et al teaches a method of monitoring and enforcing

compliance with rules imposed by a participant in a distribution supply chain upon

transactional events occurring in said supply chain, comprising:

(a) for each transactional event to occur, providing transactional information

concerning such event to a computer-based system (a policy checking application)

having said rule codified therein (in a computer database); (Column 6, lines 49-51 and

Claim 50B)

(b) assessing said transactional information (using a policy checking application) to identify violations of said rules; (Claim 50B)

(c) for each violation detected, automatically generating from said computer-based system a transaction chargeback (sending the transaction to an auditor system) reflecting a penalty to be imposed upon a party to said transactional event responsible for said violation (Claim 50C).

Barrett et al fails to teach a supply chain environment. Barrett et al teaches a method of verifying rule compliance that could be applicable in many environments, including transactional events between parties. It would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Barrett et al to be used in a supply chain environment to make his teachings more versatile.

As per claim 9, Barrett et al teaches a method where transactional information is provided to a computer based system (computer workstation) using a computer keyboard (Column 3, lines 65-67).

Although Barrett et al is silent as to how information is provided to the computer workstation, it is old and well known in the art that a keyboard can be used in this manner. It would have been obvious to one of ordinary skill in the art at the time of invention to modify the teachings of Barrett et al to include computer keyboards because the modification would allow Barrett et al to provide transactional information.

As per claim 10, Barrett et al teaches a method where transactional information is provided by transmission of scanned information transmitted by radio-frequency (a

variety of physical or logical means of connecting computer systems, including wireless

connections). (Column 3, lines 48-52).

5.   Claims 5, 6, and 7 rejected under 35 U.S.C. 103(a) as being unpatentable over

Barrett et al as applied to claims 1-4 and 8-10 above, and further in view of Carter

(Patent No. #5,878,400).

    As per claims 5 and 6, Barrett et al teaches a compliance detection system that

could be distributed in a variety of forms (Column 4, lines 22-27). As such, Barrett et al's

system could be distributed as computer software or as a standalone computer whose

sole task is to detect vendor compliance with purchaser guidelines. However, Barrett et

al fails to teach a method for distributing said compliance detection system to potential

users. However, Carter teaches the advantages of volume discounting in the computer

art.

    The idea of charging a fee proportional to the recovery income stream parallels

that of a purchasing volume discount. As the amount of merchandise purchased

increases, the cost per unit decreases. In column 2, Carter discloses his method of

discounting the purchase price of merchandise. The purchasing price of merchandise

(in this case, computer hardware or software) is dependent on a number of factors,

including the size of the customer and the number of licenses purchased. Figure 2

shows an example of Carter's teachings. It would have been obvious to a person skilled

in the art at the time of invention to include in the compliance detection system

disclosed by Barrett et al a discounted pricing method such as that taught by Carter in order to generate additional revenue from distribution.

As per claim 7, Barrett et al teaches software (compliance detection system) that tracks compliance with rules (evaluates entries for compliance to policy rules) imposed upon participants in a distribution supply chain (Column 40-45).

Conclusion

6.   The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. U.S Patent No. #6,167,378 teaches a method and system for the digital automation of a transaction space within a supply chain, and that certain devices are triggered when certain events occur, culminating in an automatic payment between parties. Peter Jordan's "Link Up to Automate the Supply Chain" discloses the future of automation between parties of a supply chain. Jim Graham, Martha Brewer, and Valencia Byrd's "Automating the supply chain in the OR" discloses the effectiveness of automating events in the supply chain network of the University of Louisville Hospital.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Peter Choi whose telephone number is (703) 305-0852. The examiner can normally be reached on M-F 8-5.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on (703) 305-9643. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the

Patent Application Information Retrieval (PAIR) system. Status information for

published applications may be obtained from either Private PAIR or Public PAIR.

Status information for unpublished applications is available through Private PAIR only.

For more information about the PAIR system, see http://pair-direct.uspto.gov. Should

you have questions on access to the Private PAIR system, contact the Electronic

Business Center (EBC) at 866-217-9197 (toll-free).

October 26, 2004

TARIQ R. HAFIZ
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600